

OLL 85-2139/1  
5 August 1985

MEMORANDUM FOR: D/OF  
C/EPS/DDO  
DD/PA&E/OP  
C/ALD/OGC

FROM:

Deputy Chief, Legislation Division/OLL

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SUBJECT: Victims of Terrorism Compensation Act,  
H.R. 2851: OMB Request for Agency Views on  
Committee Report.

1. Recently, the House Post Office and Civil Service Committee reported H.R. 2851. Among other things, this legislation would provide authority for Federal agencies to compensate government employees who are captured, kidnapped, or otherwise deprived of their liberty as a result of hostile action directed against the United States. Educational, medical and survivor benefits will also be extended to the families of these hostages. OMB seeks our views on the attached Committee report which explains the provisions of the bill. A copy of the bill itself appears on pages 24 through 28 of the attached report.

2. This measure was originally introduced as a modified extension of the Hostage Relief Act. (H.R. 2019) As a result of the hearings on the subject, the legislation was revised and expanded and reintroduced as H.R. 2851. No doubt the recent hostage incident in Lebanon involving the TWA jet influenced the Committee amendments.

3. A threshold issue for the Agency in considering H.R. 2851 is whether the definition of the word "captive" is sufficiently broad to cover all the persons the Agency wants to cover. See pages 10 and 11 of the attached Committee report. The same question applies to the definition of the words "missing status." See page 11 of the report. With respect to survivor benefits and disability payments, your attention is directed to the definitions contained on page 15 in the report.

4. Earlier this year the Agency provided comments to OMB supporting H.R. 2019, but this support was qualified by the fact that the bill included no tax relief provision for hostages. Since the Administration was opposed to the inclusion of a tax relief provision on policy grounds, OMB insisted that we not mention tax relief in communicating our views to the Committee. Accordingly, the tax matter as it pertains to hostages is closed. And if we attempt to resurrect that issue in connection with H.R. 2851, we run the risk of delaying administration endorsement which will be key in expediting consideration of this Bill.

5. So that we may provide a timely reply to OMB, I would appreciate receiving oral or written comments to  by 15 August.

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Attachment  
as stated

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LEG/OLL:  (6 August 1985)

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99TH CONGRESS }  
1st Session }

HOUSE OF REPRESENTATIVES

{ REPT. 99-201  
{ Part I

## VICTIMS OF TERRORISM COMPENSATION ACT

JULY 15, 1985.—Ordered to be printed

Mrs. SCHROEDER, from the Committee on Post Office and Civil Service, submitted the following

### REPORT

[To accompany H.R. 2851 which on June 25, 1985, was referred jointly to the Committee on Foreign Affairs and the Committee on Post Office and Civil Service]

[Including cost estimate of the Congressional Budget Office]

The Committee on Post Office and Civil Service, to whom was referred the bill (H.R. 2851) to amend title 5, United States Code, to provide certain benefits for Government employees and similarly situated individuals who are captured, kidnaped, or otherwise deprived of their liberty as a result of hostile action directed against the United States; to provide for certain payments to individuals who were taken hostage as a result of the seizure of the United States Embassy in Iran in 1979; and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

### PURPOSE

The purpose of this legislation is to provide permanent authority for Federal agencies to provide medical and educational benefits and other compensation to U.S. Government employees and their families who are victims of terrorism, to require the President to make a cash payment to the American employees held in Iran from November 4, 1979 to January 20, 1981, and to other employees taken captive since November 4, 1979, and to authorize payment of compensation for family members of Government employees and foreign national employees of the U.S. Government who are held captive, injured or killed as a result of their association with the U.S. Government or its employees.

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DEC 85